

# BUDGET PROJECTIONS FOR HEALTH BENEFITS



Board of County Commissioners  
Workshop Meeting  
March 15, 2011

# Group Health Plan

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## □ **BOCC Health Plan**

- BOCC, Clerk of Circuit Court, Property Appraiser, Sheriff, Supervisor of Elections and Tax Collector employees
- Approximately 569 employees; 75 retirees; 3 COBRA participants; and 699 dependents
- Self-insured plan
- Claims administered by BlueCross BlueShield (health) and Florida Combined Life (dental)

# Group Health Plan

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## ❑ Benefits include:

- ❑ Health Plan – BlueOptions Network; Plan #3559
- ❑ Dental Benefits
- ❑ Life; Accidental Death and Dismemberment (AD&D) - \$25K
- ❑ Short Term Disability (conventional plan through SunLife)

# Group Health Plan

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## ■ Recent cost avoidance measures:

- Implemented premium sharing with employees (currently \$20 per month for employee premium)
- Changed from BlueChoice to BlueOptions Network (resulted in ~13.7% decrease in health claims in one year period)
- Small premium shift impact to dependent premiums
- Eliminated Long Term Disability as core benefit and offered as a voluntary benefit
- Gained lower ASO rate through RFP process from BCBS for administering claims

# Group Health Plan

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## □ Recent Impacts

### ■ Federal Health Care Reform

- Federally mandated increased benefits = \$\$\$\$\$\$
  - Prohibits pre-existing condition exclusions for children under age 19
    - Effective 2014, pre-existing condition exclusions are prohibited for all
  - Prohibits lifetime limits on coverage
  - Eliminates co-pays and deductibles on preventative care
  - Extends coverage to dependents up through 26<sup>th</sup> year

### ■ Mental Health Parity Act

- Any group health plan that includes mental health and substance use disorder benefits along with standard medical and surgical coverage must treat them equally in terms of out-of-pocket costs, benefit limits and practices such as prior authorization and utilization review.

### ■ Group size

- L/S EMS elects to leave group
- Early conclusion: Neutral impact when all factors considered



# Group Health Plan

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## ❑ **Rate Recommendations for FY 11/12 Budget Purposes**

- Increase Premium for Employees from \$761 per employee per month (PEPM) to \$815 PEPM or 7.1%
  - ❑ Employer pays \$785 or \$795 PEPM (increase of \$44 or \$54 PEPM with employer absorbing 81-91% of increase)
  - ❑ Employee pays \$25 or \$30 per month (increase of \$5 or \$10)
- Increase Dependent Premiums 7.1% (paid 100% by Employee)
  - ❑ Children from \$140 to \$150 (\$10 increase)
  - ❑ Spouse from \$235 to \$252 (\$17 increase)
  - ❑ Family from \$294 to \$315 (\$21 increase)

# Group Health Plan

## RECOMMENDED PREMIUM SAMPLES

Category	SC Govt Enrollment	Total Premium FY 10/11		Suggested Premiums	Premium Increase	Employee Pays	Employer Pays	Incr/Decr to Employer	Increase to Employee	New Impact to Employees	New SC Govt Impact	Total New Impact
<b>MODEL 1</b>												
Employee	572	761.00	7.1%	815.00	54.00	25.00	750.00	49.00	5.00	34,320	336,336	370,656
Child(ren)	86	140.00	7.1%	150.00	10.00	Yes	No		10.00	10,320	-	10,320
Spouse	76	235.00	7.1%	252.00	17.00	Yes	No		17.00	15,504	-	15,504
Family	136	294.00	7.1%	315.00	21.00	Yes	No		21.00	34,272	-	34,272
										94,416	336,336	430,752
<b>MODEL 2</b>												
Employee	572	761.00	7.1%	815.00	54.00	30.00	785.00	44.00	10.00	68,640	302,016	370,656
Child(ren)	86	140.00	7.1%	150.00	10.00	Yes	No		10.00	10,320	-	10,320
Spouse	76	235.00	7.1%	252.00	17.00	Yes	No		17.00	15,504	-	15,504
Family	136	294.00	7.1%	315.00	21.00	Yes	No		21.00	34,272	-	34,272
										128,736	302,016	430,752

# Group Health Plan

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## ❑ Other cost avoidance measures

- Offer Short Term Disability as Voluntary Benefit (not recommended)
- Employee clinics (recommend research)
- Select plan design that decreases benefits (not recommended; currently in 2<sup>nd</sup> year of redesign)
- Additional cost share of premiums with employees (recommended now at maximum of \$10 per month)
- Additional shift of premium increases to the dependent categories (not recommended due to take home pay impacts)



# Group Health Plan

## Cost Avoidance Measures since 2008

Date	Measure	Description	Approximate Impact
10/1/08	Initiated Employee Portion of Employee Premium	\$5 increase from \$0 to \$5	48,000
10/1/09	Changed Networks and Plan Design	Changed to BlueOptions Plan #3559	830,000
10/1/09	Increase to Employee Portion of Employee Premium	\$5 increase from \$5 to \$10	48,000
10/1/10	Increase to Employee Portion of Employee Premium	\$10 increase from \$10 to \$20	77,640
10/1/10	Small Premium Shift impact to Dependent Premiums		20,000
10/1/10	Eliminated Long-term Disability as core benefit	Offered as a voluntary benefit	130,000
10/1/10	Gained lower ASO rate from BCBS	RFP Process	63,000
			1,216,640

## Additional Cost Avoidance Measures Available

Measure	Description	Approximate Impact
Eliminate Short-Term Disability as core benefit	Offer as a voluntary benefit	81,500
Institute Employee Clinic		?
Plan Design	Select plan with less benefits	?
Additional shift of premium increases to dependent categories		?